



SCOTT FITZPATRICK MISSOURI STATE AUDITOR

City of Ironton Investigative Summary

Summary of Significant Complaint(s) reported:

The State Auditor's Office received a complaint alleging the city of Ironton improperly spent State and Local Fiscal Recovery Funds (SLFRF). Additional complaints include concerns that members of the Board of Aldermen directed city funds to personal business ventures, and that the city is financially supporting the Shepherd Mountain Bike Park (bike park) with funds provided by the Iron County Economic Partnership rather than prioritizing other city infrastructure needs.

Background:

The City of Ironton is a 4th class city located in Iron County and was incorporated in 1857. The city's population was 1,475 in 2020, according to the U.S. Census Bureau.

The City of Ironton received approximately \$282,980 between October 2021 and March 2022 from the SLFRF federal grant. The U.S. Department of Treasury grant guidance¹ indicates the allowable uses for the SLFRF grant include replacing lost public sector revenue; supporting the COVID-19 public health and economic response; providing premium pay for eligible workers performing essential work; investing in water, sewer, and broadband infrastructure; emergency disaster relief; surface transportation projects; or projects eligible under Title I of the Housing and Community Development Act of 1974. Recipients may also use funds for the costs to administer the grant.

The Iron County Economic Partnership (ICEP) is a planned rural community investment project for Iron County. The goal of the partnership was to distribute settlement money received from the 2005 Taum Sauk Reservoir breach to support economic growth that was hindered due to flooding. One of those projects was the Shepherd Mountain Bike Park, which opened in April 2021.

Methodology:

Our investigation included a review of applicable grant guidance, city bank records, and supporting documents for accounts held between 2021 and 2023, SLFRF Annual Compliance Reports for 2022-2025, and audited financial statements for 2019 through 2023.

Complaint Review:

SLFRF Funding

Our review of city SLFRF funding and expenditures noted the city did not separately track grant funding making it more difficult to ensure funds were spent appropriately. In addition, it is unclear if the city's use of funding to match a grant for the fire department was allowable.

Our review of the funding and expenditures noted the city deposited grant funds into two of its general accounts but did not designate expenditures from those accounts as SLFRF. This made tracking of SLFRF

¹ *Compliance and Reporting Guidance, State and Local Fiscal Recovery Funds*, September 23, 2025, <<https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>>, accessed February 12, 2026.

fund purchases difficult. The city's March 2025 report to the U.S. Treasury indicates the city expended the SLFRF funding as follows:

Project	Grant Expenditure Category ¹	Grant Expenditure Subcategory ¹	Description	Amount
Revenue Replacement	Revenue Replacement	Provision of Government Services	General city administration and payroll	\$224,109
Internet Installation	Infrastructure	Broadband 'Last Mile' projects	Install and upgrade internet and 1 year contract	\$11,677
Matching Grant to Fire Department	Administrative	Transfers to Other Units of Government	To match funds at 45% for fire department grant for equipment	\$43,195
Covid-19 Vaccination Incentive	Public Health	Covid-19 Vaccination	Incentives to local business employees who fulfilled their vaccination schedule	\$4,000
Total				\$282,981

¹ As defined by federal grant guidance

Federal grant guidance indicates recipients have "broad latitude" in using the revenue replacement funds and the city's use appears allowable. In addition, the city's use of grant funds for broadband and vaccinations generally appears allowable and the city provided invoices to support the payments. However, it is unclear if the use of funding for the fire department grant match is an allowable administrative cost. Grant guidance² indicates recipients may use funds to directly or indirectly administer the SLFRF program. Direct costs are those that are identified specifically as costs of implementing the SLFRF program objectives, such as contract support, materials, and supplies for a project. Indirect costs are general overhead costs of an organization where a portion of such costs are allocable to the SLFRF award such as the cost of facilities or administrative functions like a director's office. It does not appear that the matching funds claimed would meet these definitions. The city further categorizes the spending under the "transfer to other units of government" subcategory and federal guidance does not provide additional information on what is considered allowable under this subcategory. However, it does not appear the guidance allows non-administrative transfers and the city should contact its grantor agency for a determination.

Bike Park

Our review found no indication that the city inappropriately used ICEP or city funding to support the bike park or direct funds to a restaurant owned by Board member(s) adjacent to that park. City financial records indicate that the city is supporting the operational costs of the bike park, but expenditures appear reasonable and the bike park was an approved use of the ICEP money. The city could not provide a copy of the original agreement with the ICEP and it should ensure future agreements are retained to support expenditures. The complainant alleged a restaurant owned by relatives of some Board members is located near the bike park and is receiving financial benefit from the city. While our review confirmed the business is owned by family members of Board members, we found no evidence to support the claim that city funding, either through general revenue, the bike park accounts, or tax increment financing is being used to fund or support the restaurant.

² *Compliance and Reporting Guidance, State and Local Fiscal Recovery Funds*, p. 11, September 23, 2025, <<https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>>, accessed February 12, 2026.

Conclusion:

The city did not separately track SLFRF funding and may have spent over \$43,000 on an unallowable use. The city's failure to separately account for the funding made it difficult to ensure it used the grant appropriately and the use of SLFRF funding for a fire department matching grant does not appear to be an administrative expenditure. We did not identify any significant improper governmental activity related to the city's funding of the bike park or indications the city was supporting the personal businesses of Board members or their families.

We will close the investigation with recommendations to the Board to contact the U.S. Department of Treasury for a determination on the allowability of its SLFRF expenditures, ensure future grant funding is separately tracked and accounted for, evaluate and document how projects meet grant requirements, and retain city agreements to support expenditures.